

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCTS  
INTERNATIONAL ANCILLARY SERVICES

Docket No. MC2022-37

COMPETITIVE PRODUCTS  
INBOUND INTERNATIONAL TRACKED DELIVERY SERVICE  
(MC2022-37)

Docket No. CP2022-44

**REQUEST OF USPS TO ADD  
INBOUND INTERNATIONAL TRACKED DELIVERY SERVICE  
TO THE COMPETITIVE PRODUCT LIST, NOTICE OF ESTABLISHMENT OF  
CLASSIFICATIONS AND RATES NOT OF GENERAL APPLICABILITY, AND  
APPLICATION FOR NON-PUBLIC TREATMENT OF MATERIALS**  
(January 7, 2022)

In accordance with 39 U.S.C. § 3642 and 39 C.F.R. § 3040.130 through § 3040.135, the United States Postal Service (Postal Service or USPS) respectfully requests that the Postal Regulatory Commission (Commission) add Inbound International Tracked Delivery Service (IITDS) to the competitive product list within the Mail Classification Schedule (MCS). The Postal Service also gives notice pursuant to 39 U.S.C. § 3632(b)(3) and 39 C.F.R. § 3035.105 that the Governors have established classifications and rates not of general applicability for IITDS.

Governors' Decision No. 19-1 and supporting financial documentation, establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3035.105, are being filed separately under seal with the Commission. The Postal Service's application for non-public treatment of these unredacted materials is included with this filing as Attachment 1. Attachment 2 to this request consists of a Statement of Supporting

Justification filed pursuant to 39 U.S.C. § 3642 and 39 C.F.R. § 3040.132. Attachment 3 is a redacted copy of Governors' Decision No. 19-1, which authorizes management to prepare any necessary product description of certain non-published competitive rates not of general applicability, including text for inclusion in the MCS, and to present such matter for review by the Commission. Attachment 4 contains revisions to sections 2615.4 (IITDS) and 2340.5 (Inbound Letter Post Small Packets and Bulky Letters—Optional Features) of the MCS, as it currently appears on the Commission's website. Attachment 5 contains a certification pursuant to 39 C.F.R. § 3035.105(c)(2). A redacted version of the supporting financial documentation is included with this filing as a separate Excel file.

***I. Identification of Service***

In Governors' Decision No. 19-1, the Governors of the Postal Service established "new prices not of general applicability for certain of the Postal Services competitive service offerings, and such changes in classification as are necessary to implement the new prices." Governors' Decision No. 19-1 expressly encompasses "Other Non-Published Competitive Rates," such as the rates for IITDS, which "consist of rates not of general applicability that are not embodied in contractual instruments."

Previously, the Commission has made classification changes and added rates for certain other products that, similar to the rates for IITDS, are determined by operation of the Universal Postal Convention (Convention).<sup>1</sup>

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<sup>1</sup> See, e.g., Order No. 6072, Order Acknowledging Changes in Prices for Inbound Parcel Post (at UPU Rates), Docket No. CP2022-35, Dec. 21, 2021; PRC Order No. 362, Order Adding Inbound Air Parcel Post at UPU Rates to Competitive Product List, Docket Nos. MC2010-11 and CP2010-11, December 15, 2009.

The Postal Service seeks to add IITDS to the competitive product list and to classify it as an international ancillary service. The Acts of the Universal Postal Union (UPU), which include the Convention and its Regulations, treat tracked letter post as “E-format,” regardless of shape. (UPU Convention Regulations article 17-116.12). Inbound E-format letter post is classified in the MCS as “Inbound Letter Post Small Packets and Bulky Letters” and is listed as a competitive product.

Under the Universal Postal Convention, article 18, the provision of tracked delivery service for international letter post items is an optional supplementary service. In August 2021, the UPU Abidjan Congress adopted fixed remuneration of 0.4 Special Drawing Rights (SDR) per item for the provision of inbound tracked delivery service; this remuneration appears in Convention article 28.9, which entered into force in the UPU on January 1, 2022. In addition to this fixed amount, Convention article 28.9 also authorizes the UPU’s Postal Operations Council (POC) to specify supplemental remuneration in the Convention Regulations for tracked delivery service items on the basis of performance of electronic transmission of tracking information. Pursuant to its authority under the Convention, in Convention Regulations article 31-104.4.2, the POC has provided for up to 0.75 SDR per item as such supplemental remuneration for tracked delivery service items, if the performance conditions set forth in that article are met.<sup>2</sup> In combination, that provides for up to 1.15 SDR per item for the tracked service.

IITDS provides foreign postal operators UPU default rates for the tracked service. Its inclusion in the competitive products list would therefore not preclude foreign postal operators from instead exchanging tracked items using the supplementary remuneration

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<sup>2</sup> Certain other supplemental remuneration and/or penalties, not directly related to the tracked service itself, may also apply to such items, in addition to their base terminal dues. See, e.g., Convention article 28 paragraphs 10-12.

offered under various multilateral commercial agreements, such as PRIME or Interconnect agreements, if both the Postal Service and the respective foreign postal operator are parties.<sup>3</sup> In addition, this would also not preclude foreign postal operators from exchanging tracked items with the Postal Service using negotiated bilateral commercial agreements.<sup>4</sup> Operators that opt to exchange tracked items under a bilateral or multilateral agreement would pay the negotiated rates specified by those instruments in lieu of the UPU default rates.

Under UPU Convention Regulations article 31-104.5.1, an operator may begin to charge for the inbound tracked delivery service in the next quarter at least two months after giving notice to the UPU International Bureau that it intends to offer the service. In other words, for the Postal Service to charge for this remuneration provided under the UPU Acts as early as the second quarter of calendar year 2022, it will need to provide notice to the UPU by Monday, January 31, 2022. The Postal Service therefore respectfully seeks favorable review by the Commission by ***Friday, January 28***, 2022, in order to add this new international ancillary service to the competitive product list and to add new provisions for this product within sections 2340 and 2615 of the MCS; that would enable the Postal Service to notify the UPU by January 31 and allow the new service and rates to take effect on ***April 1, 2022***.

## ***II. Application for Non-Public Treatment***

The Postal Service maintains that certain portions of Governors' Decision No. 19-1, as well as certain financial model information, should remain confidential. As

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<sup>3</sup> See, e.g., Order No. 6074, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators, Docket No CP2022-34, Dec. 23, 2021.

<sup>4</sup> See, e.g., Order No. 6073, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operator – FY22-1, Docket No. CP2022-30, Dec. 22, 2021.

Attachment 1 to this request and notice, the Postal Service files its application for non-public treatment of materials filed under seal. The application for non-public treatment addresses the redactions to those materials.

***III. Conclusion***

For the reasons discussed, and as demonstrated by the financial data filed under seal, the Postal Service has established that IITDS satisfies the criteria for competitive products under 39 U.S.C. § 3642(b) and that IITDS and its prices are in compliance with the regulations promulgated by the Commission under 39 U.S.C. § 3633. Accordingly, the Postal Service respectfully requests that the Commission add Inbound International Tracked Delivery Service to the competitive products list and to the MCS as shown in Attachment 4. In accordance with 39 U.S.C. § 3642(d)(1), the Postal Service will also seek publication of notice of its request in the Federal Register.

Respectfully submitted,

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January 7, 2022

**APPLICATION OF THE UNITED STATES POSTAL SERVICE  
FOR NON-PUBLIC TREATMENT OF MATERIALS**

In accordance with 39 C.F.R. § 3011, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission in these dockets. The materials pertain to the establishment of prices and classifications not of general applicability for Inbound International Tracked Delivery Service established in Governors' Decision 19-1. The Postal Service is seeking to add Inbound International Tracked Delivery Service to the competitive product list and to classify this tracking service as an international ancillary service of the Inbound Letter Post Small Packets and Bulky Letters product.

The supporting documents establishing compliance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. § 3035.105 are being filed separately under seal with the Commission. Redacted copies of these materials are filed publicly, including redacted versions of supporting financial documentation filed as separate Excel documents.

The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3011.201(b) below.

**(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The materials designated as non-public consist of information of a commercial nature that under good business practice would not be publicly disclosed. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).<sup>1</sup> Because the portions of the

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<sup>1</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government

materials that the Postal Service is filing only under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to concur with its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

**(2) A statement of whether the submitter, any person other than the submitter, or both have a proprietary interest in the information contained within the nonpublic materials, and the identification(s) specified in paragraphs (b)(2)(i) through (iii) of this section (whichever is applicable). For purposes of this paragraph, identification means the name, phone number, and email address of an individual<sup>2</sup>**

In the case of the information at issue here, the Postal Service believes that the foreign postal operators whose governments are members of the UPU are third parties with a proprietary interest in the materials. Due to language and cultural differences as well as the sensitive nature of the Postal Service's relationship with the affected foreign postal operators, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices to the relevant postal operators. The Postal Service identifies as an appropriate contact person Peter Chandler,

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establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

<sup>2</sup> Section 3011.201(b)(2) further states the following:

- (i) If the submitter has a proprietary interest in the information contained within the materials, identification of an individual designated by the submitter to accept actual notice of a motion related to the non-public materials or notice of the pendency of a subpoena or order requiring production of the materials.
- (ii) If any person other than the submitter has a proprietary interest in the information contained within the materials, identification of each person who is known to have a proprietary interest in the information. If such an identification is sensitive or impracticable, an explanation shall be provided along with the identification of an individual designated by the submitter to provide notice to each affected person.
- (iii) If both the submitter and any person other than the submitter have a proprietary interest in the information contained within the non-public materials, identification in accordance with both paragraphs (b)(2)(i) and (ii) of this section shall be provided. The submitter may designate the same individual to fulfill the requirements of paragraphs (b)(2)(i) and (ii) of this section.

Manager, UPU Relations, International Postal Affairs. Mr. Chandler's phone number is (202) 268-5549, and his email address is [peter.r.chandler@usps.gov](mailto:peter.r.chandler@usps.gov).

Moreover, the Postal Service, in conjunction with the United States Department of State, requested that the Universal Postal Union (UPU) International Bureau (IB) issue a Circular notice to all countries and designated operators informing each of its rights under 39 C.F.R. § 3011.204. This notification was published by the IB in Circular No. 178 on November 8, 2021. Specifically, the notice informs all countries and UPU designated operators that the Postal Service will be regularly submitting certain business information to the Commission. The Circular includes information on how third parties may address any confidentiality concerns with the Commission. In addition, contact information for all UPU designated operators is available at the following link, which is incorporated by reference into the instant application:

[http://pls.upu.int/pls/ap/addr\\_public.display\\_addr?p\\_language=AN](http://pls.upu.int/pls/ap/addr_public.display_addr?p_language=AN).<sup>3</sup>

**(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;**

In connection with its Notice filed in these dockets, the Postal Service included Governors' Decision No. 19-1 and supporting documentation in the form of financial work papers. These materials were filed under seal, with redacted copies filed publicly. The Postal Service maintains that the redacted portions of the Governors' Decision and the supporting financial workpapers should remain confidential.

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<sup>3</sup> To the extent required, the Postal Service seeks a waiver from having to provide each foreign postal operator notice of these dockets. It is impractical to communicate with dozens of operators in multiple languages about this matter. Moreover, the volume of filings would overwhelm both the Postal Service and the applicable foreign postal operators with boilerplate notices.



The redactions applied to the Governors' Decision and related financial work papers protect commercially sensitive information such as underlying costs and assumptions, pricing formulas, and cost coverage projections. To the extent practicable, the Postal Service has limited its redactions to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b).

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If the portions of the Governors' Decision No. 19-1 and related financial work papers that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. Competitors could use the information to assess the Postal Service's possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. The Postal Service considers this to be a highly probable outcome that would result from public disclosure of the redacted material.

The financial work papers include specific information such as costs, projections of variables, and cost coverage. All of this information is highly confidential in the business world. If this information were made public, the Postal Service's competitors would have the advantage of being able to assess the Postal Service costs and volumes. Thus, competitors would be able to take advantage of the information to offer better options to customers (which can include foreign posts, which are not required to use the Postal Service for delivery of tracked packets destined to the United States), while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant inbound delivery services market.

Additionally, foreign postal operators or other potential customers could use costing information to their advantage in negotiating the terms of their own agreements with the Postal Service. Given that these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

Potential customers (which can include foreign posts) could also deduce from the information provided in the work papers whether additional margin for net profit exists. From this information, each foreign postal operator or customer could attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitively would be compromised.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

Harm: Public disclosure of information in the Governors' Decision No. 19-1 or financial work papers would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the Governors' Decision and financial work papers from the Postal Regulatory Commission's website. It analyzes the data to determine what the Postal Service would have to charge its customers (which may include foreign posts) in order for the Postal Service to meet its minimum statutory obligations for cost coverage and contribution to institutional costs. The competing package delivery service then sets its own rates for products similar to what the Postal Service offers other posts under that threshold and markets its ability to guarantee to beat the Postal Service on price for inbound tracked packets. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a

likewise fashion, would freeze the Postal Service out of the inbound tracked packet delivery market.

Harm: Public disclosure of information in the financial work papers would be used by a foreign postal operator's competitors to its detriment.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial work papers from the Postal Regulatory Commission's website. The competitor analyzes the work papers to assess a foreign postal operator's underlying costs and volumes for the corresponding products. The competitor uses that information to assess the market potential and negotiate with U.S. customs brokers and freight companies to develop lower-cost alternatives.

Harm: Public disclosure of information in the Governors' Decision No. 19-1, including the Governors' internal deliberative bases for setting competitive prices, would be used by competitors to the detriment of the Postal Service.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the Governors' Decision from the Postal Regulatory Commission's website, revealing the Postal Service's internal deliberative bases for setting certain specific prices for competitively classified products. Moreover, if the Commission were to compel such disclosure, it might also compel disclosure of other unredacted Governors' Decisions, past and future. The internal deliberative pricing processes that the Postal Service uses to establish its prices for competitive products can, and does, vary at different times and for different competitive products. If the Commission gave competitors access to that type of information, and indeed also to such information over time as the Governors' Decisions may change, that may harm the Postal Service commercially, and unfairly, as it does not have access to its competitors' similar information.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for inbound packet delivery (including both private sector integrators and foreign postal operators), as well as their consultants and attorneys. Additionally, the Postal Service believes that foreign postal operators, as well as actual or potential customers of a postal operator for this or similar products, should not be provided access to the non-public financial work papers.

**(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless otherwise provided by the Commission. 39 C.F.R. § 3011.401(a). However, because the Postal Service's relationships with customers often continue beyond ten years or decades, the Postal Service intends to oppose requests for disclosure of these materials pursuant to 39 C.F.R. § 3011.401(b-c).

**(8) Any other factors or reasons relevant to support the application.**

None.

***Conclusion***

For the reasons discussed, the Postal Service respectfully requests that the Commission grant its application for non-public treatment of the materials filed under seal.

## Statement of Supporting Justification

I, Himesh A. Patel, Executive Manager, International Policy & Business Development, Global Business, United States Postal Service (Postal Service), am sponsoring this request that the Postal Regulatory Commission (Commission) add Inbound International Tracked Delivery Service to the competitive product list and classify it as an international ancillary service for the Inbound Letter Post Small Packets and Bulky Letters product in the Mail Classification Schedule (MCS). This statement supports the United States Postal Service's Request by providing the information required by each applicable subsection of 39 C.F.R. § 3040.132. I attest to the accuracy of the information contained herein.

- (a) *Explain the reason for initiating the docket and explain why the change is not inconsistent with the applicable requirements of this part and any applicable Commission directives and orders.*

Under the Universal Postal Convention, the provision of tracked delivery service for international letter post items is an optional supplementary service. In August 2021, the Universal Postal Union (UPU) Abidjan Congress adopted fixed remuneration of 0.4 Special Drawing Rights (SDR) per item for the provision of inbound tracked delivery service; in addition to this fixed amount, the UPU's Postal Operations Council (POC) has provided for up to 0.75 SDR per item as supplemental remuneration for tracked delivery service items, if certain performance conditions are met. As the designated operator of the United States under the Convention, the Postal Service is initiating this docket in order to begin

offering the tracked delivery service and to charge foreign postal operators the remuneration set by operation of the Convention. As explained further below, the change complies with applicable statutory and regulatory provisions, including those for competitive products. Indeed, this is only an ancillary service to an existing product itself that is already on the competitive products list, Inbound Letter Post Small Packets and Bulky Letters. Tracking today is an important feature to be able to offer customers and to compete with alternative service providers, particularly as e-commerce continues to expand.

(b) *Explain why, as to market dominant products, the change is not inconsistent with the policies and the applicable criteria of chapter 36 of title 39 of the United States Code.*

Not applicable. The Postal Service is proposing that Inbound International Tracked Delivery Service be added to the competitive products list and classified as an international ancillary service for another competitive product, Inbound Letter Post Small Packets and Bulky Letters.

(c) *Explain why, as to competitive products, the addition, deletion, or transfer will not result in the violation of any of the standards of 39 U.S.C. § 3633.*

Governors' Decision No. 19-1 authorized Postal Service management to prepare a product description for any product within the "Other Non-Published Competitive Rates" category, among others, including text for inclusion in the MCS, and to present such product description to the Commission. The product description for the Inbound International Tracked Delivery Service product is set forth in the Postal Service's Notice and Attachment 4 and in the financial model

accompanying this filing, which together reflect the prices and classification for Inbound International Tracked Delivery Service.

The Postal Service's financial modeling in support of the Inbound International Tracked Delivery Service product includes a cost-coverage analysis that was based on the minimum rate for Inbound International Tracked Delivery Service (i.e., 0.40 SDR per item), and on the maximum rate for Inbound International Tracked Delivery Service (i.e., the tracking fee of 0.40 SDR per item, plus the 100% on-time performance based supplemental bonus payment of 0.75 SDR). This modeling demonstrates that the Inbound International Tracked Delivery Service product, priced in accordance with the applicable Governors' Decision, will result in adequate cost coverage to ensure that no cross subsidization of this product should occur. It also demonstrates that this new product should be able to contribute to institutional costs in addition to covering its own attributable costs.

The Inbound International Tracked Delivery Service product will make a positive contribution to competitive products' ability collectively to meet the required minimum contribution requirement under Section 3633(a)(3). The Inbound International Tracked Delivery Service product will increase contribution toward competitive products' currently required minimum contribution of the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should occur.

- (d) *Verify that the change does not classify as competitive a product over which the Postal Service exercises sufficient market power that it can, without risk of losing a significant level of business to other firms offering similar products: (1) set the price of such product substantially above costs, (2) raise prices significantly; (3) decrease quality; or (4) decrease output.*

The addition of the International Inbound Tracked Delivery Service product to the competitive products list will not result in classifying a product over which the Postal Service has market dominance as a competitive product. For the International Inbound Tracked Delivery Service product, payment is made in the form of surcharges and possible supplemental revenue paid by foreign postal operators by operation of international agreement. In August 2021, the UPU Abidjan Congress adopted a fixed remuneration of 0.4 SDR per item for the provision of inbound tracked delivery service. The UPU's POC further specified supplemental remuneration for tracked delivery service items on the basis of performance, up to 0.75 SDR per item. These particular price points, which the Postal Service did not fix, establish limits between which the Postal Service's own default rates must remain (i.e., absent negotiated contract rates). Further, far from classifying as "competitive" a product over which it wields monopoly power, the Postal Service merely proposes to offer in the competitive products list a service feature that is ancillary to an already-existing competitive product. The Universal Postal Convention and its Regulations treat tracked letter post as "E-format," regardless of shape. (UPU Convention Regulations article 17-116.12.) Inbound E-format letter post, in turn, is classified in the MCS as



“Inbound Letter Post Small Packets and Bulky Letters” and is listed as a competitive product.

- (e) *Explain whether or not each product that is the subject of the request is covered by the postal monopoly as reserved to the Postal Service under 18 U.S.C. § 1696, subject to the exceptions set forth in 39 U.S.C. § 601.*

As the Inbound International Tracked Delivery Service is merely an ancillary feature for an already-existing competitive product, the addition of this product to the competitive products list should not implicate the postal monopoly as reserved to the Postal Service under 18 U.S.C. § 1696. (Indeed, when the Commission conditionally approved the transfer of that underlying Inbound Letter Post Small Packets and Bulky Letters product to the competitive products list (in Order No. 4980, at 16), it acknowledged the exceptions that would apply to that product under 39 U.S.C. § 601.)

- (f) *Provide a description of the availability and nature of enterprises in the private sector engaged in the delivery of the product.*

Tracked delivery service is an increasingly ubiquitous feature of mailing; this holds true in both the international and domestic spheres. The market therefore encompasses competitors offering products similar to that provided by the Postal Service. Indeed, the Commission recognized as much with respect to the market for international packets when it favorably reviewed the transfer of Inbound Letter Post Small Packets and Bulky Letters to the competitive products list.

- (g) *Provide any available information on the views of those who use the product on the appropriateness of the proposed modification.*

The Inbound International Tracked Delivery Service, made available to foreign postal operators dispatching goods to the United States, would conform to one of the dominant trends in e-commerce: namely, that of purchasers of goods (including from abroad) expecting the benefit of tracking service. Furthermore, should foreign postal operators decide not to participate, they are not obligated to offer tracking of items that they dispatch internationally.

- (h) *Provide a description of the likely impact of the proposed modification on small business concerns.*

The addition of the Inbound International Tracked Delivery Service product to the competitive product list is unlikely to result in any disproportionate adverse impact on small business concerns. The direct users of this product are foreign postal operators and, vicariously in a sense, the indirect users consist of foreign mailers and American purchasers of goods. Notably, U.S. consumers, including U.S. small businesses that may order goods from abroad, will receive the benefit of tracked shipping.

- (i) *Include such other information, data, and such statements of reasons and bases, as are necessary and appropriate to fully inform the Commission of the nature, scope, significance, and impact of the proposed modification.*

As stated above in answer (g), participants in the e-commerce market—mailers and customers alike—typically expect that their shipments will be reliably tracked. In order to remain competitive, it is therefore important to offer this ancillary service option for inbound packets dispatched to the United States.

Furthermore, the inclusion of Inbound International Tracked Delivery Service in the competitive products list would not preclude foreign postal operators from exchanging tracked items using the supplementary remuneration offered under multilateral commercial agreements, such as PRIME or Interconnect agreements, if both the Postal Service and the respective foreign postal operator are parties. In addition, this would also not preclude foreign postal operators from exchanging tracked items with the Postal Service using negotiated bilateral commercial agreements. Operators that opt to exchange tracked items under a bilateral or multilateral agreement may pay the negotiated rates specified by those instruments in lieu of the UPU default tracking rates.

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 19-1)**

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February 7, 2019

**STATEMENT OF EXPLANATION AND JUSTIFICATION**

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices.

This decision establishes new prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments.

With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to make all necessary regulatory filings with the Postal

[REDACTED]

Regulatory Commission. [REDACTED]  
[REDACTED]  
[REDACTED] [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

The Postal Accountability and Enhancement Act (PAEA) requires that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. For agreements subject to this Decision, there are hereby established prices that will enable each agreement to cover at least 100 percent of the attributable costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegate(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

No agreement, grouping of functionally equivalent agreements, or other classification authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3). On a semi-annual basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives, as specified in the accompanying Management Analysis. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.



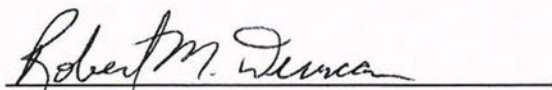
[REDACTED]

This Decision supersedes previous Governors' Decisions setting classifications and rates not of general applicability for competitive products; however, prices and classifications established under those Decisions may continue to be offered until the expiration of their terms, and contractual option periods and extension provisions that are included in the existing and future agreements can continue to be exercised.

## ORDER

In accordance with the foregoing Decision of the Governors, the new prices and terms set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement or other nonpublished rate and classification initiative is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of any necessary review by the Postal Regulatory Commission.

By The Governors:



Robert M. Duncan

Chairman, Board of Governors

## PROPOSED CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

### **2340 Inbound Letter Post Small Packets and Bulky Letters**

\*\*\*\*\*

#### **2340.5 Optional Features**

The following additional postal services may be available in conjunction with the product specified in this section:

- International Ancillary Services (2615)
  - Competitive International Registered Mail (2615.2)
  - Inbound International Tracked Delivery Service (2615.4)
  - Customs Clearance and Delivery Fee (2615.6)

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### **2615 International Ancillary Services**

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#### 2615.4 Inbound International Tracked Delivery Service

##### 2615.4.1 Description

Inbound International Tracked Delivery Service provides an ancillary inbound tracking service for Inbound Letter Post Small Packets and Bulky Letters.

##### 2615.4.2 Prices

##### *Inbound International Tracked Delivery Service*

Payment is made in the form of remuneration paid by foreign postal operators under applicable international agreements.

\*\*\*\*\*

### **Certification of Prices for Inbound International Tracked Delivery Service**

I, Karen Meehan, Director of International Pricing and Financial Reporting, United States Postal Service, am familiar with the prices for Inbound International Tracked Delivery Service. The prices were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued February 7, 2019 (Governors' Decision No. 19-1).

I hereby certify that the data submitted in support of these prices are accurate and that the numerical revenue and cost values underlying the prices for Inbound International Tracked Delivery Service are the appropriate data to use in the formulas and represent the best available information. With these new prices, Inbound International Tracked Delivery Service and competitive products in total will comply with 39 U.S.C. § 3633(a). The prices demonstrate that Inbound International Tracked Delivery Service should cover their attributable costs and preclude the subsidization of competitive products by market-dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from Inbound International Tracked Delivery Service should be even smaller. Inbound International Tracked Delivery Service should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

**Karen Meehan**

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Meehan  
Date: 2022.01.06 09:28:42  
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Karen Meehan

1/6/2022

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Date